**One-time settlement formula for SEBs outstanding dues**

1158. SHRI SOLIPETA RAMACHANDRA REDDY:
SHRI RAMA MUNI REDDY SIRIGIREDDY:
Will the Minister of POWER be pleased to state:

(a) whether some States have approached the Union Government to provide more time to study the proposed one-time settlement formula for the State Electricity Boards outstanding dues;

(b) if so, the States that have made such a request and the total amount of dues, State-wise;

(c) the details of the penalties imposed by the Union Government and the reaction of the State Governments; and

(d) what final decision has been taken by Union Government for the settlement of the dues?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) Recently Minister of Power has written to Chief Ministers of States and UTs urging them to initiate steps for implementation of the one time Scheme of settlement of outstanding dues of State Electricity Boards. Response to Minister of Power's letter is awaited. Statement of outstanding dues payable to CPSUs of Ministry of Power as on 30.4.2001 is given in the Statement (*See* below).

(c) and (d) The scheme proposed by the Expert Group on one time settlement of dues of SEBs has many incentives and some penalties. The details of the scheme recommended by the Expert Group are as under:

(a) The Group recommended 50 per cent waiver of surcharge/ interest on delayed payments.

(b) For the remaining dues *i.e.* the entire principal outstanding as well as the remaining 50% surcharge, bonds would be issued by the respective State Governments.

(c) The bonds would be issued through RBI at a tax free interest rate of 8.5% p.a.

(d) The bonds should be structured to achieve a moratorium of 5 years on repayment of principal with the entire principal being repaid between the 6th and 15th year.

(e) These bonds shall be identical to bonds issued in connection with the market borrowings of State Governments, with the attendant discipline in repayments. The bonds will be subject to lock-in restrictions that will allow release of only 10 per cent of the bonds in the secondary market each year.

(f) For ensuring timely payment of current dues in future, defaults in current payment for power/fuel should attract a graded reduction in the supply of power from central power stations and in coal supplies. Where such defaults exceed 90 days from the date of billing, the Ministry of Finance should recover these dues through adjustment against releases dues to them from the Centre.

(g) As part of the scheme, SEBs should accept reform-based performance milestones such as setting up SERCs, metering of distribution feeders and improvement in revenue realisation. The milestones should be specified in the MOUs to be signed with the Ministry of Power.

(h) The States should be offered incentives for complying with the scheme. If SEBs do not default on their current dues and adhere to the performance milestones, CPSUs should pay them, during the first four years commencing from 1.4.2001, bi-annual cash incentives equal to 2 per cent of the value of bonds.

(i) Further, if SEBs open and maintain LCs till the end of December, 2001, CPSUs should pay them a one-time cash incentive equal to 2 per cent of the value of bonds.

(j) In addition, States undertaking reforms should also be assisted through APDP grants and discretionary allocation of power.

(k) This scheme should enter into force only after one-half of

the States that have an annual billing of over Rs. 500 crore per annum from CPSUs give their consent, and should be effective in respect of the States that give such consent.

(l) The States that withhold their consent beyond 60 days after this scheme enters into force should be denied any share in the discretionary allocation of 15 per cent from the power stations of CPSUs as well as any assistance under APDP. If the overdues of such States exceeded Rs. 50 crores in respect of any CPSU, they should also attract reduction in power and coal supplies, as applicable to the States participating in this scheme.

Following the submission of the Report of the Expert Group a high level Empowered Group consisting of Finance Minister, Dy. Chairman, Planning Commission, Minister of Power and Chief Ministers of some States met on 26.6.2001 and 6.7.2001. The Empowered Group endorsed the recommendations of the Expert Group with the following modifications:

(i) Waiver of surcharge would now be 60% instead of 50% as recommended by the Group.

(ii) The incentives for achieving the reform-based milestones shall be increased to 6% in the first year and 5% in the second year.

**Statement**

*Outstanding dues payable to Central Sector Power Corporation*
*(Principle and Surcharge)*

*(Rs. in crores)*

| S. No. | SEBs/States | NTPC | | | NHPC | | | PGCIL | | | NEEPCO | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Prin | Intt | Total | Prin | Intt | Total | Prin | Intt | Total | Prin | Intt | Total |
| (A) 1. | Andhra Pradesh | −1.01 | 98.36 | 97.35 | 0.00 | 0.00 | 0.00 | 0.01 | −8.16 | −8.15 | 0.00 | 0.00 | 0.00 |
| 2. | Arunachal Pradesh | 0.00 | 0.00 | 0.00 | 0.24 | 0.61 | 0.85 | 7.00 | 1.46 | 8.46 | 15.81 | 4.13 | 19.94 |
| 3. | Assam | 33.55 | 21.04 | 54.59 | 0.23 | 0.00 | 0.23 | 171.00 | 34.54 | 205.54 | 527.89 | 284.04 | 811.93 |
| 4. | Bihar | 1871.78 | 1285.36 | 3157.14 | 10.89 | 25.07 | 35.96 | 155.00 | 42.87 | 197.87 | 0.00 | 0.00 | 0.00 |
| 5. | Gujarat | 123.07 | 18.94 | 142.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. | Goa | 0.03 | 0.05 | 0.06 | 0.00 | 0.00 | 0.00 | 0.10 | 0.00 | 0.10 | 0.00 | 0.00 | 0.00 |
| 7. | HVPNL(HSEB) | 120.09 | 280.62 | 400.71 | 124.52 | 493.84 | 618.36 | 0.60 | 21.00 | 21.60 | 0.00 | 0.00 | 0.00 |
| 8. | Himachal Pradesh | 23.11 | 16.89 | 40.00 | 43.22 | 33.41 | 76.63 | 0.50 | 0.70 | 1.20 | 0.00 | 0.00 | 0.00 |
| 9. | Jammu & Kashmir | 58.33 | 0.00 | 58.33 | −9.21 | 0.00 | −9.21 | 121.00 | 55.00 | 176.00 | 0.00 | 0.00 | 0.00 |
| 10. | Karnataka | 170.86 | 96.77 | 267.63 | 0.00 | 0.00 | 0.00 | 7.00 | 15.00 | 22.00 | 0.00 | 0.00 | 0.00 |
| 11. | Kerala | 511.17 | 62.67 | 573.84 | 0.00 | 0.00 | 0.00 | 9.00 | 5.00 | 14.00 | 0.00 | 0.00 | 0.00 |
| 12. | Madhya Pradesh | 1150.97 | 408.53 | 1559.50 | 0.00 | 0.00 | 0.00 | 54.00 | 11.00 | 65.00 | 0.00 | 0.00 | 0.00 |
| 13. | Maharashtra | 412.83 | 252.58 | 865.41 | 0.00 | 0.00 | 0.00 | 8.00 | 0.00 | 8.00 | 0.00 | 0.00 | 0.00 |
| 14. | Manipur | 0.00 | 0.00 | 0.00 | 14.52 | 6.92 | 21.44 | 42.00 | 10.00 | −52.00 | 108.62 | 41.73 | 150.35 |
| 15. | Meghalaya | 0.00 | 0.00 | 0.00 | 0.14 | 1.32 | 1.46 | 4.00 | 1.10 | 5.10 | 13.31 | 2.72 | 16.03 |
| 16. | Mizoram | 0.00 | 0.00 | 0.00 | 4.14 | 1.10 | 5.24 | 7.00 | 0.00 | 7.00 | 35.60 | 7.92 | 43.52 |
| 17. | Nagaland | 0.00 | 0.00 | 0.00 | 5.25 | 2.60 | 7.85 | 18.00 | 5.00 | 23.00 | 49.65 | 23.43 | 73.08 |

| Sl. No. | SEBs/States | NTPC | | | NHPC | | | PGCIL | | | NEEPCO | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Prin | Intt | Total | Prin | Intt | Total | Prin | Intt | Total | Prin | Intt | Total |
| 18. | Orissa (GRIDCO) | 470.86 | 143.25 | 614.11 | 6.73 | 11.75 | 18.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 19. | Punjab | 68.85 | 23.11 | 91.96 | 136.45 | 175.07 | 311.52 | 6.00 | 1.30 | 7.30 | 0.00 | 0.00 | 0.00 |
| 20. | Rajasthan | 335.10 | 120.76 | 455.86 | 55.50 | 8.84 | 64.34 | 23.00 | 0.00 | 23.00 | 0.00 | 0.00 | 0.00 |
| 21. | Sikkim | 26.78 | 13.13 | 39.91 | 2.02 | 0.26 | 2.28 | 9.00 | 4.00 | 13.00 | 0.00 | 0.00 | 0.00 |
| 22. | Tamil Nadu | 306.50 | 167.64 | 474.14 | 0.00 | 0.00 | 0.00 | 1.10 | 0.00 | 1.10 | 0.00 | 0.00 | 0.00 |
| 23. | Tripura | 0.00 | 0.00 | 0.00 | 1.90 | 1.18 | 3.08 | 10.00 | 0.05 | 10.05 | 41.74 | 10.57 | 52.31 |
| 24. | Uttar Pradesh | 2177.55 | 710.25 | 2887.80 | 451.00 | 258.32 | 709.32 | 14.00 | 0.00 | 222.11 | 0.00 | 0.00 | 0.00 |
| 25. | WBSEB | 848.28 | 669.89 | 1518.17 | 9.53 | 8.58 | 18.11 | 51.00 | 22.00 | 73.00 | 0.00 | 0.00 | 0.00 |
| 26. | DVB (DESU) | 1450.61 | 1493.73 | 2944.34 | 265.15 | 273.23 | 538.38 | 106.00 | 72.00 | 178.00 | 0.00 | 0.00 | 0.00 |
| 27. | DVC | 260.82 | 423.00 | 683.82 | 0.16 | 0.00 | 0.16 | 0.30 | 4.00 | 4.30 | 0.00 | 0.00 | 0.00 |
| 28. | DNH | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 29. | Chandigarh (UT) | −0.78 | 0.00 | −0.78 | 5.85 | 5.41 | 11.26 | 0.40 | 0.00 | 0.40 | 0.00 | 0.00 | 0.00 |
| 30. | NEEPCO | 0.00 | 0.00 | 0.00 | 0.92 | 7.75 | 8.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 31. | Daman & Diu | −0.07 | 0.98 | 0.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 32. | Pondicherry | 16.49 | 13.71 | 30.20 | 0.00 | 0.00 | 0.00 | 0.00 | 1.50 | 1.50 | 0.00 | 0.00 | 0.00 |
| 33. | Cooperatives | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 34. | State Govts. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 35. | Power Grid | 0.45 | 3.12 | 3.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 36. | Other (Wind) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 37. | Private (JPHPCL) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 38. | Railways | 0.06 | 0.00 | 0.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 39. | MEA (Power to Nepal) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 40. | Chhattisgarh (CSEB) | −2.23 | 0.00 | −2.23 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 |
| | TOTAL: | 10434.05 | 6324.38 | 16758.43 | 1129.15 | 1315.26 | 2444.41 | 825.82 | 299.36 | 1332.49 | 792.62 | 374.64 | 1167.16 |

As on 31st March, 2001.

(Rs. in crores)

| Sl. No. | SEBs/States | PFC | | | DVC | | | REC | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Prin | Intt | Total | Prin | Intt | Total | Prin | Intt | Total |
| (B) 1. | Andhra Pradesh$ | 71.15 | 0.00 | 71.15 | 0.30 | 0.00 | 0.30 | 0.14 | 1.00 | 1.14 |
| 2. | Arunachal Pradesh | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.84 | 0.04 | 3.88 |
| 3. | Assam | 0.00 | 0.00 | 0.00 | 1.70 | 0.00 | 1.70 | 57.00 | 118.77 | 175.77 |
| 4. | Bihar** | 5.59 | 0.00 | 5.59 | 901.30 | 1102.68 | 2003.98 | 141.59 | 303.17 | 444.76 |
| 5. | Gujarat | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.56 | 0.53 | 6.09 |
| 6. | Goa | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.02 |
| 7. | HVPNL(HSEB) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.03 |
| 8. | Himachal Pradesh$$ | 17.49 | 0.00 | 17.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |
| 9. | Jammu & Kashmir | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.38 | 0.00 | 0.38 |
| 10. | Karnataka | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.94 | 2.17 | 9.11 |
| 11. | Kerala | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 12. | Madhya Pradesh* | 19.32 | 0.00 | 19.32 | 0.00 | 0.00 | 0.00 | 821.68 | 600.46 | 1422.14 |
| 13. | Maharashtra | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 14. | Manipur | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.84 | 0.33 | 3.17 |
| 15. | Meghalaya | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.71 | 19.71 | 31.42 |
| 16. | Mizoram | 2.29 | 0.00 | 2.29 | 0.00 | 0.00 | 0.00 | 2.72 | 2.66 | 5.38 |
| 17. | Nagaland | 2.79 | 0.00 | 2.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.02 |

| Sl. No. | SEBs/States | PFC | | | DVC | | | REC | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Prin | Intt | Total | Prin | Intt | Total | Prin | Intt | Total |
| 18. | Orissa (GRIDCO) | 3.58 | 0.00 | 3.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.18 |
| 19. | Punjab | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.24 | 0.240 |
| 20. | Rajasthan | 0.06 | 0.00 | 0.06 | 0.00 | 0.00 | 0.00 | 21.23 | 7.63 | 28.86 |
| 21. | Sikkim | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.03 |
| 22. | Tamil Nadu | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.01 | 1.01 |
| 23. | Tripura | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.59 | 0.59 |
| 24. | Uttar Pradesh | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 407.62 | 452.49 | 860.11 |
| 25. | WBSEB@ | 10.97 | 0.00 | 10.97 | 410.51 | 416.34 | 826.85 | 157.52 | 361.32 | 518.84 |
| 26. | DVB (DESU) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 27. | DVC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 28. | DNH | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 29. | Chandigarh (UT) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 30. | NEEPCO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 31. | Daman & Diu | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 32. | Pondicherry | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 33. | Cooperatives | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.80 | 22.12 | 36.92 |
| 34. | State Govts. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.21 | 0.06 | 0.27 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 35. | Power Grid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 36. | Other (Wind) | 0.14 | 0.00 | 0.14 | 0.00 | 0.00 | 0.00 | 18.74 | 13.00 | 27.55 |
| 37. | Private (JPHPCL) | 7.68 | 0.00 | 7.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 38. | Railways | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 39. | MEA (Power to Nepal) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 40. | Chhattisgarh (CSEB) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | TOTAL | 141.06 | 0.00 | 141.06 | 1313.81 | 1519.02 | 2832.83 | 1669.52 | 1908.40 | 3577.92 |

*Including Rs. 18.15 crores of Maheshwar
$Including Rs. 71.15 crores of APGENCO
$$Including Rs. 17.49 crores of HPGCL
@Including Rs. 10.97 crores of DPL
**Including Rs. 5.59 crores of TVNL

(e)

*(Including Surcharge)*

(Rs. in crores)

| Name of PSUs | Principal | Surcharge | Total |
|---|---|---|---|
| NTPC | 10434.05 | 6324.38 | 16758.43 |
| NHPC | 1129.15 | 1315.26 | 2444.41 |
| PGCIL | 825.02 | 299.36 | 1332.49 |
| NEEPCO | 792.62 | 224.54 | 1167.16 |
| PFC | 141.06 | 0.00 | 141.06 |
| DVC | 1313.81 | 1519.02 | 2832.83 |
| REC | 1669.52 | 1908.40 | 3577.92 |
| TOTAL: | **16305.23** | **11740.96** | **28254.30** |

As on 31st March, 2001.

**PFC agreement to Finance Power**

1159. SHRI RAVI SHANKAR PRASAD: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that Power Finance Corporation has agreed in principle to participate in the power projects of Tata Electric Companies for pumping in an amount to Rs. 500 crores for acquisitions, renovations and modernizations;

(b) if so, whether the formal agreement has been concluded with TECs for the purpose and if not, the reasons therefor; and

(c) whether it is also a fact that such agreements have also been concluded with Reliance Industries and some other industrial concerns and if so, the names thereof and the extent of finances proposed to be provided and the extent of power supply estimated to be available because of these projects?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) No, Sir.

(b) Does not arise.

(c) Power Finance Corporation has sanctioned a foreign currency loan of US$ 113.55 million to M/s. Reliance Power Limited a company promoted by M/s. Reliance Industries Limited for its 2×250 MW petcoke based power plant at Jamnagar. The loan documents for the same are yet to be executed.

As far as funding to private power projects is concerned, PFC has sanctioned an amount of Rs. 5,556 crores as on 30.6.2001, (term loans and guarantees) to 26 private power projects which are expected to result in a capacity addition of 6191 MW loan documents in respect of 10 power projects have been executed. An amount of Rs.725 crores has been disbursed upto 30.6.2001 and guarantees amounting to Rs. 196 crores have been issued. Details of these loan proposals sanctioned to private parties are given in the statement.